

Message Text

LIMITED OFFICIAL USE

PAGE 01 ATHENS 03795 221635Z

14-11

ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-07 INR-07 LAB-04

NSAE-00 SIL-01 OPIC-03 L-02 DODE-00 PA-01 USIA-06

PRS-01 SP-02 /047 W

----- 017440

R 221540Z MAY 75

FM AMEMBASSY ATHENS

TO SECSTATE WASHDC 8837

LIMITED OFFICIAL USE ATHENS 3795

E.O. 11652: N/A

TAGS: ELAB BGEN GR

SUBJ: ITT IN GREECE

REF ATHENS 3713

1. ITT HELLAS MANAGING DIRECTOR TERRENCE CALLAGHAN, ACCOMPANIED BY TWO ITT OFFICIALS FROM EUROPEAN HEADQUARTERS IN BRUSSELS, BRIEFED AMBASSADOR, ECONOMIC COUNSELOR, AND COMMERCIAL ATTACHE ON MAY 21 ON CURRENT ITT PROBLEMS IN GREECE (SEE REFTEL). HE OBSERVED THAT, ON SPECIAL PLEA FROM GOG LABOR MINISTER, ITT HAD REOPENED PLANT MAY 21 AND ACCEPTED BACK ALL WORKERS INVOLVED IN MAY 19 WORK STOPPAGE AS WELL AS THREE WORKERS WHOSE DISMISSAL PRECIPITATED MAY 19 STRIKE. IN RETURN, PLANT LABOR COMMITTEE HAS ADMITTED THEY WERE LEGALLY WRONG TO FOLLOW LEAD OF AGITATORS IN WORK STOPPAGE DURING ARBITRATION PERIOD, AND LABOR MINISTER HAS ASSIGNED HIGH OFFICIAL TO REMAIN AT PLANT UNTIL ITT MANAGEMENT IS SATISFIED THAT LABOR PEACE IS ACHIEVED.

2. UP UNTIL NOW, AS ITT'S LABOR RELATIONS PROGRESSIVELY DETERIORATED, GOG RESPONSE WAS CHARACTERIZED BY FRAGMENTED DECISIONS MADE BY INDIVIDUAL MINISTRIES (LABOR, COMMUNICATIONS, PUBLIC ORDER). CHARACTERISTIC OF THIS WAS THE LABOR MINISTRY'S UNHELPFUL ATTITUDE TOWARD THE RECENT ILLEGAL WORK
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 ATHENS 03795 221635Z

STOPPAGE AND SERIOUS INTIMIDATION OF NON-STRIKING WORKERS

BY MILITANTS -- DESPITE THE FACT THAT ITT'S WAGE OFFER
EXCEEDED THE GOVERNMENT'S OWN GUIDELINES.

3. EMBASSY WAS CONCERNED THAT GOG DECISIONS ON VARIOUS
ASPECTS OF ITT OPERATIONS IN GREECE AT LEAST BE MADE WITHIN
THE CONTEXT OF A LONGER-RANGE PERSPECTIVE ON THE IMPLICATIONS
FOR GREECE'S INVESTMENT CLIMATE OF A WITHDRAWAL OF ITT --
PARTICULARLY AT A TIME WHEN GOG IS ACTIVELY SEEKING FOREIGN
INVESTMENT AND TECHNOLOGY. IN MAY 21 MEETING BETWEEN
COORDINATION MINISTRY UNDER SECRETARY KONTOTHEODIS
AND ECONOMIC COUNSELOR, FORMER INDICATED THAT COORDINATION
MINISTRY IS NOW TAKING CHARGE OF THE ITT ISSUE. HE IMPLIED
THAT INTERVENTION FROM MINISTER PAPALIGOURAS WAS INSTRUMENTAL
IN ACTIVATING THE LABOR MINISTER TO HALT THE ILLEGAL WORK
STOPPAGE AND TO POST MINISTRY OFFICIALS AT THE PLANT. HE
STATED THAT AT LEAST PART OF ITT'S CURRENT PROBLEMS ARE
ALSO SHARED BY SIEMENS AND PHILLIPS, AS A RESULT OF OVER-
AMBITIOUS STIMULATION OF CAPACITY IN TELECOMMUNICATIONS BY
THE PREVIOUS GOVERNMENT, WHICH INVOLVE HIGH IMPORT
REQUIREMENTS AT A TIME OF BALANCE OF PAYMENTS STRESS. IN
ADDITION, ITT'S MISCALCULATION OF PAPER PRICE TRENDS AND
MARKETABILITY OF YELLOW-PAGES WAS ALSO HURTING. NEVER-
THELESS, KONTOTHEODIS MADE CLEAR THAT GOG WANTS ITT TO
STAY IN GREECE.

4. COMMENT: EMBASSY BELIEVES ITT UNION'S RETURN TO WORK
MAY BE TEMPORARY CEASE-FIRE, BUT NOT PERMANENT PEACE. IF
OTE (GREEK TELECOMMUNICATIONS ORGANIZATION) EMBARGO ON
EQUIPMENT IMPORTS CONTINUES FOR LONG, ITT WILL HAVE TO LAY
OFF REDUNDANT LABOR. SUCH AN ACTION WOULD PROBABLY TRIGGER
RENEWED AGITATION AT PLANT. IN ADDITION, UNCERTAINTY AT
ITT'S YELLOW PAGES PUBLISHING HOUSE OVER FUTURE OF ITS
OPERATION HAD HAD DEMORALIZING EFFECT ON LABOR FORCE THERE
(YELLOW PAGES SALESMEN ARE DUE OUT ON 24-HOUR STRIKE MAY 26).

5. WE AGREE THAT MUCH OF ITT'S PROBLEM RESTS ON CHANGED
ECONOMIC CONDITIONS WHICH WILL INEVITABLY AFFECT THE
PROFITABILITY OF THEIR INVESTMENT. HOWEVER, THE LABOR
DIFFICULTIES -- AND THE GOG'S ATTITUDE TOWARD THEM -- ARE AN
ADDED DIMENSION WHICH COULD HAVE WIDER IMPLICATIONS FOR THE
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 ATHENS 03795 221635Z

FOREIGN INVESTMENT CLIMATE IN GREECE. WE HOPE THAT
PAPALIGOURAS AND GOG CAN TAKE DECISIONS AND ACTIONS NECESSARY
TO MAINTAIN STABLE INVESTMENT CLIMATE IN GREECE IN FACE OF
CURRENT -- PERHAPS TRANSITORY -- UPSWING IN LABOR MILITANCY
(SEE ALSO ATHENS 3723 ON STRIKE AT US AIR BASE) FOREIGN
COMPANIES WHO FEEL THEMSELVES TARGETED BY LABOR MILITANTS
MAY BEGIN TO QUESTION THE CONTINUING VIABILITY OF THEIR GREEK
OPERATIONS, A PROCESS ALREADY BEGUN BY ITT. ITT MANAGEMENT

TOLD US THEY CAME TO GREECE FOR THE LONG TERM, BUT CONTINUED
PROBLEMS SUCH AS THOSE FACED OVER THE LAST SIX WEEKS COULD
FORCE A REAPPRAISAL. KUBISCH

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LABOR RELATIONS, ECONOMIC CONDITIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 22 MAY 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: buchantr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975ATHENS03795
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750181-0134
From: ATHENS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750525/aaaaavwe.tel
Line Count: 118
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 ATHENS 3713
Review Action: RELEASED, APPROVED
Review Authority: buchantr
Review Comment: n/a
Review Content Flags:
Review Date: 21 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <21 APR 2003 by BoyleJA>; APPROVED <14 OCT 2003 by buchantr>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ITT IN GREECE
TAGS: ELAB, BGEN, GR, ITT
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006